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Remarks:

Executive Secretary

8/2/83

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THE SECRETARY OF THE TREASURY  
WASHINGTON 20220

August 1, 1983

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(With Confidential Attachments)

MEMORANDUM FOR THE VICE PRESIDENT  
THE SECRETARY OF STATE  
THE SECRETARY OF DEFENSE  
THE SECRETARY OF THE INTERIOR  
THE SECRETARY OF AGRICULTURE  
THE SECRETARY OF COMMERCE  
THE DIRECTOR, OFFICE OF MANAGEMENT  
AND BUDGET  
✓ DIRECTOR OF CENTRAL INTELLIGENCE  
UNITED STATES TRADE REPRESENTATIVE  
CHAIRMAN, COUNCIL OF ECONOMIC ADVISORS  
ASSISTANT TO THE PRESIDENT FOR  
NATIONAL SECURITY AFFAIRS  
ASSISTANT TO THE PRESIDENT FOR  
POLICY DEVELOPMENT  
ADMINISTRATOR, GENERAL SERVICES ADMINISTRATION  
DIRECTOR, FEDERAL EMERGENCY MANAGEMENT AGENCY

SUBJECT Senior Interdepartmental Group on  
International Economic Policy (SIG-IEP)

A meeting of the SIG-IEP is scheduled for Wednesday, August 3, at 4:00 p.m., in the Indian Treaty Room (Room 474, Old Executive Office Building). The agenda is as follows:

1. Agricultural Export Subsidies;
2. Possible Redraft of MOU on Tin Disposals;
3. International Debt Update; and
4. Report on UNCTAD VI..

Papers on agenda items 1 and 4 are attached; item 3 will be an oral report. A paper on item 2 will be sent shortly.

Attendance will be principal, plus one.

Donald T. Regan

Attachments

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Issue

At its meeting on May 27, 1983 the Trade Policy Committee requested a paper setting forth a policy on the use of subsidies for U.S. agricultural exports in order to provide leverage in negotiating the reduction or elimination of foreign agricultural export subsidies. This paper attempts to present a unified policy dealing with both the problem of foreign subsidies and the apparent failure of the international dispute settlement system to resolve this problem.

Recommendation

The U.S. must devise a strategy which gives the countries using agricultural export subsidies a positive incentive to make the multilateral system work and to make the structural changes necessary to eliminate agricultural export subsidies. As is now evident, resort to the GATT dispute settlement process has not worked. Therefore, we should consider adopting the following policy:

- A. Continued Negotiation. Continue bilateral discussions in the present framework with the EC and press for multi-lateral consultations and negotiations on relevant articles of the GATT and Subsidies Code.
- B. Pressure on foreign subsidy budgets. Continue efforts to modify domestic agricultural programs in a manner consistent

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with foreign trade goals as well as with domestic policy goals, for example, freezing target prices and reducing loan rates.

C. Countersubsidies to discourage foreign subsidized competition in third country markets. Use export subsidies, including blended credit and indirect subsidies, on a case-by-case basis, to provide the U.S. with the necessary leverage to support its efforts to provide a stronger discipline on the use of export subsidies in the agricultural field and to ensure the viability of the GATT and the Subsidies Code. This policy must be implemented in such a manner that (1) foreign countries will find it in their own interest to negotiate rules calling for more discipline on the use of export subsidies; (2) foreign export subsidy practices are discouraged and neutralized; (3) the adoption of subsidies by non-subsidized suppliers is not encouraged. Moreover, the policy should be sufficiently short-term that no U.S. sector becomes dependent upon government-assisted export sales.

The following guidelines should be followed in implementing this policy:

1. Export subsidies should be granted in a manner consistent with U.S. obligations under international trade agreements.

2. Export subsidies should focus directly on the foreign subsidizing competitor and not harm the interests of non-subsidizing third countries.

3. Export subsidies should target markets and products where the U.S. has been displaced or pre-empted from those markets by foreign subsidized products and where, in the absence of foreign subsidies, the U.S. otherwise would be competitive.

4. Subsidization should be of minimal cost to the U.S. Treasury and consideration should be given to selling surplus agricultural products to raise revenue to implement this policy.

5. The amount of subsidization should not be more than is necessary to offset estimated foreign subsidies.

D. Countermeasures to discourage foreign subsidized competition in U.S. market. Where any country has used export subsidies on non-primary agricultural products exported to the U.S. in contravention of its Subsidies Code obligations and where, because of a failure in the dispute settlement process of the Code, the Committee fails to recommend an elimination of the practice, (as in the present pasta dispute) the U.S. should consider restricting imports of those products to offset the effects of the subsidy, using the President's authority under Section 301. The appropriateness of such action shall be determined on a case-

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by-case basis after TPSC review and analysis.

### Background

For the last 18 months a major thrust of U.S. diplomatic efforts in the trade field has been aimed at seeking a resolution to the problems created by widespread use of export subsidies in the agricultural sector by our trading partners. The recent U.S.-EC high level talks on agriculture, concluded on June 22, 1983, did not produce the desired results. Furthermore, the current stalemate in the Subsidies Committee concerning the U.S. wheat flour and pasta complaints is not only increasing the bilateral tension, but is also casting serious doubt on the viability of the GATT, both as a body of substantive rules governing trade and a mechanism for dispute settlement. Therefore, the efficacy of the Subsidies Code is being increasingly called into question. In light of this situation the U.S. has three objectives:

1. Restore confidence in the viability of the GATT and the Subsidies Code to deal with the problems of agricultural trade:
  - a) as mechanisms for resolving trade disputes; and
  - b) as providing a body of substantive rules which will effectively impose more discipline on the use of

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agricultural export subsidies.

2. Obtain long-term changes in the EC's agricultural export policies.
3. Provide relief to U.S. agricultural producers and exporters whose competitive position is being adversely affected by export subsidies.

It is not likely that the wheat flour and pasta disputes will be resolved in the near future. The Chairman of the GATT Subsidies Committee has been working very hard to persuade non-EC signatories that the pasta report should be adopted, but the issue will not be discussed again by the full Committee until September, 1983. Meanwhile, a high-level meeting with the EC has been scheduled for July 26 in Brussels to discuss resolution of both cases, and on July 27 the first meeting of the informal bilateral working group on subsidies will take place. It will be important at both of these meetings to inform the EC that, if the stalemate in the Subsidies Committee persists, the U.S. may be compelled to take unilateral action to protect its interests.

The TPSC Section 301 Subcommittee is currently reviewing a recommendation which would implement Recommendation D above in the case of EC export subsidies on pasta products.

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UNCTAD VI: ASSESSMENT AND FOLLOW-UP

I. General Assessment

The US achieved all of its minimum objectives at UNCTAD VI, but the Conference's contribution to a more pragmatic North-South dialogue over the longer term is still unclear.

By avoiding a conference breakdown, we protected our basic interest in a cooperative atmosphere for negotiation at the bilateral and regional level and in the specialized agencies. We prevented significant encroachment on the specialized agencies and thus protected our systemic economic concerns. New momentum or broadening of participation for any future monetary conference was avoided. The Soviet bloc not only was largely ignored by the LDCs, but for the first time was unable to avoid specific reference to its responsibilities for supporting their development.

The rest of Group B displayed surprising unity and support for most US positions. This partly resulted from the G-77's inflexible negotiating posture, but it also derived from the fortuitous timing of the Williamsburg Summit, well-coordinated pre-conference preparations in the OECD North-South Group and the fundamental similarity of most of our positions.

Despite these damage limiting accomplishments, little positive was achieved and UNCTAD gained some new footholds from which to move in directions we do not like. While we communicated our message to a wide audience, there was little "meeting of the minds" on how to assess or deal with global and North-South economic problems nor on the degree to which LDCs should share responsibility for strengthening the trade and financial systems.

Reports from our overseas posts on initial reactions to UNCTAD VI indicate disappointment but no real surprise by most G-77 governments with the meagre results. Other OECD governments share our disappointment at G-77 unwillingness to accept mutual responsibilities, for example in resisting protectionism or making more effective use of aid, but some were encouraged that so many resolutions did pass by consensus.

Many LDC governments also expressed to us disillusionment with universal fora as a means to deal with their economic concerns and their inclination towards greater reliance on bilateral and regional economic relationships. This is a useful reaction. A pragmatic and productive North-South economic relationship can best be advanced in

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bilateral and regional contexts and in the specialized agencies. What this means for the future of the global North-South dialogue, however, will become clearer when we see how LDCs pursue their interests at the fall UNGA and at UNCTAD's October Trade and Development Board (TDB), as well as in the specialized agencies (i.e., the September Bank/Fund meeting).

II. Major Issues Requiring Follow-up

The following summarizes the major issues which will warrant high-level attention in the coming months. Detailed assessments for each of the major areas of concern - Commodities, Trade, Money and Finance, Least Developed Countries, and Basket Items - are annexed to this summary:

Commodities.

The Common Fund received a boost from the Canadian and Malaysian announcements that they will ratify and from statements by the Directors of the Tin and Rubber Agreements that they expect to associate with the Fund. It now appears that the US will be seen as the only obstacle to the Fund's coming into force. Since we can expect continued demands that we join, we may soon wish to review whether and when the Agreement should be submitted to Congress.

We will also have to decide whether to try to influence the results of the UNCTAD "experts group" on compensatory financing by supporting a solid US economist as one of the experts or to dissociate ourselves from it.

Trade.

Three potentially sensitive issues resulted from the Belgrade trade resolution: (1) TDB review of developments in the trading system, (2) TDB "monitoring" of the standstill and rollback commitments in the trade resolution, and (3) UNCTAD's continuing work in services.

The section of the trade resolution on services does not prejudice GATT's work on services, but neither does it contain the explicit acknowledgment of GATT's competence in services which we sought. This omission, and our concern with an expanded UNCTAD work program in services, led us to vote against the services section. Whether this will provoke a further hardening of the LDC position will have to be judged in future GATT and TDB consideration of services issues.

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Money and Finance.

The US and Group B agreed to resolutions on money and finance issues which are more specific and detailed than any we have supported in UNCTAD in recent years. Although these resolutions have some positive features and were carefully caveated by Group B reservations, we anticipate that the LDCs will try to use them inappropriately in the IMF, IBRD and elsewhere.

There are only two specific items which call for immediate action, however: the compensatory financing issue (mentioned under commodities above) and a decision at this October's TDB on whether to support creation of an Export Credit Guarantee Facility (ECGF). Nevertheless, we will need to be vigilant in UNCTAD and in other fora against LDC efforts to misuse or misrepresent the UNCTAD VI results on money and finance topics. We will also need to decide whether to return to the prior US posture of refusing to discuss most money and finance issues in UNCTAD in any detail.

Basket Items.

We were largely successful in our efforts to limit discussion on basket items to a review of work already underway in UNCTAD. A resolution on Economic Cooperation among Developing Countries was passed, but only by avoiding reference to the fundamental issue of universal participation. We will be faced with this issue at the October TDB meeting. It has important political as well as trade implications for US interests.

Transfer of technology and shipping resolutions give UNCTAD an ambitious work program for the next two to three years. Our efforts to promote institutional reform failed but will be followed up in the TDB. The East/South item was handled with a procedural resolution which torpedoed Soviet efforts to make propaganda gains.

III. The Broader Implications of UNCTAD VI.

We see three broad issues which have substantial implications for long-term US interests in the wake of UNCTAD VI.

The first is how to deal with the North-South impasse which occurred at the GATT Ministerial and UNCTAD VI on trade. This primarily involves the need to progressively integrate advanced LDCs into the global trading system and the institutional roles of GATT versus UNCTAD. We also should not rule out the possibility of further LDC stonewalling in GATT in order to get a new international trade organization.

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We will continue to be faced with these fundamental disagreements in the TDB and the GATT. Failure to resolve them will impair achievement of our long-term trade objectives. A review of US Trade Strategy vis-a-vis developing countries seems warranted in light of the difficulties we encountered at the GATT Ministerial and UNCTAD VI.

The second is the future of the North-South dialogue and its relationship to the specialized agencies (IMF, IBRD, GATT, etc.). We stressed at UNCTAD VI that the proper place for negotiations is in the specialized agencies. We successfully resisted a Belgrade reference to a future monetary conference, and interest has diminished in Global Negotiations. But failure to show some responsiveness to LDC concerns in the specialized agencies could rekindle LDC emphasis on multilateral confrontation as a way to press for economic and political benefits, especially if OECD recovery fails to ameliorate their economic situation dramatically.

Even under optimistic assumptions, it is highly unlikely that the G-77 and the Non-Aligned Movement will completely give up on a multilateral North-South dialogue; they have little to lose by continuing it. We may now have a chance, however, to keep the balance on the side of cooperative LDC participation in the specialized agencies, and on our bilateral and regional relations. One approach would be to try to strengthen the IMF/IBRD Development Committee as a forum for the integrated discussion of development issues.

Finally, and related to the above, is the question of whether and how the US should proceed with its participation in the UNCTAD system. We intend to undertake an interagency assessment of this question prior to the October TDB.

Attachments: Tabs A-E: Detailed Assessments of UNCTAD VI  
Treatment of Issues in Areas of:

- A - Commodities
- B - Trade
- C - Money and Finance
- D - Least Developed Countries
- E - "Basket" Items

Tab F - Assessments by G-77 and Group B  
Countries

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TAB A

ASSESSMENT OF UNCTAD VICOMMODITIES

Considering how intolerable we found the Group of 77 (G-77) resolutions on commodities as drafted at Buenos Aires, it is fair to say that the U.S., along with generally strong Group B support, was able to limit the damage done at UNCTAD VI to within acceptable limits. The one resolution we felt compelled to vote against, which requests the Secretary General of UNCTAD to convene an expert group to study the need for an additional complementary financing facility, is still better than the original G-77 request for UNCTAD-sponsored negotiations on such a facility. Our efforts to introduce the concept that developing countries also have responsibilities to promote investment and trade in processed commodities failed when the relevant paragraphs in the resolution on processing, marketing, and distribution (PMD) were eliminated at the last minute. Decisions on a half dozen difficult issues including stockpiles, hides and skins, provisional commodity agreements, the effectiveness of existing commodity agreements, and frameworks for international cooperation on PMD, were deferred to future sessions of the UNCTAD Committee on Commodities (COC). The commodity-related development at UNCTAD VI which may have the greatest consequences on the U.S. was the increase in the number of countries ratifying or pledging to ratify the Common Fund Agreement. Pressure will now be brought to bear on the U.S. to ratify this Agreement since the U.S. will now rightly be seen as the principal stumbling block to the Agreement's coming into force.

COMMON FUND

More important than the resolution on the Common Fund were the Canadian and Malaysian announcements that they will ratify the Agreement as well as the informal statements by the Directors of the Tin and Rubber Agreements that those ICAs will soon pledge their intention to associate with the Common Fund. It now appears increasingly likely that 90 countries will ratify the Common Fund Agreement, but without U.S. ratification and our \$75 million contribution it will be virtually impossible to obtain the level of paid-in capital required to bring the Agreement into force. Consequently, we can expect increasing pressure in various UN fora and in bilateral contacts with many LDCs and OECD countries to submit the Agreement to Senate for ratification.

We joined the consensus for the Common Fund resolution without a reservation statement since several paragraphs reiterate a 1982 UNGA resolution that we accepted and since we achieved satisfactory compromises on the rest. Both

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the UNGA and the UNCTAD resolutions urge states to sign and ratify the Agreement "without any further delay". Addressing our concern that none of the buffer stocking ICAs have announced their intention to associate with the Fund when and if it comes into effect, one of the paragraphs of the resolution invites governments belonging to ICAs to consider associating their organizations with the Fund. This issue may come up at the September meeting of the Rubber Organization Council. We may soon have to reconsider whether to stick with our public line that we will consider submitting the Common Fund Agreement to Congress for ratification when a sufficient number of eligible ICAs are prepared to associate with the Fund.

#### COMPENSATORY FINANCING

This was the issue where OECD countries were initially most widely divided. The Nordics at one end of the spectrum were prepared to accept the G-77 proposal for an UNCTAD sponsored meeting to prepare for negotiations on a new complementary facility while the U.S. and Canada hoped to preclude any further UNCTAD deliberations of this subject. The compromise solution, promoted by Canada and Australia which won Group B backing, was to request the Secretary General of UNCTAD to convene an expert group to examine the impact of compensatory financing and to then consider the need for an additional facility. However, during negotiations with the G-77, language was added to the Group B draft resolution instructing the expert group to consider also the nature, rules, and financing and modalities of an additional complementary facility. Consequently, in the end we voted against this resolution while several Group B and Soviet bloc countries abstained. Now we must decide whether we want to try to influence the deliberations of the 20-man expert group by nominating a private American for that group and how we should react when the expert's conclusions are submitted to the Trade and Development Board before 1985.

#### PROCESSING, MARKETING, AND DISTRIBUTION OF COMMODITIES

The key trade-off on this resolution came when the G-77 dropped its demand for negotiations on frameworks for international cooperation on PMD and Group B dropped its demand that the frameworks consist of a set of principles or guidelines. Instead, the resolution adopted by consensus simply decided that a special session of the COC should be convened to elaborate the frameworks.

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The Group of 77 was completely unwilling to accept paragraphs calling on LDCs to promote favorable investment climates in their countries and to avoid measures impeding the trade of processed commodities. Since Group B was unwilling to accept resolutions calling on only industrialized countries to do these things, the proposed paragraphs on trade and investment were dropped altogether from this resolution.

At the yet unscheduled special session of the COC we will want to incorporate our ideas about investment and trade of processed commodities. In a similar fashion, we can fully expect the LDCs to pursue their demands for a new fund to finance commodities processing projects, more technical assistance in marketing, and other ideas that they see as "elements of frameworks for international cooperation" in PMD.

#### NEGOTIATIONS ON A NEW INTERNATIONAL WHEAT AGREEMENT

This is another issue on which Group B countries were initially widely divided. The European countries were willing to accept the paragraph in the G-77 resolution on implementing the Integrated Program for Commodities (IPC) which urged a resumption of the UN negotiations for a new wheat agreement. Ultimately, the U.S. and Canada were successful in separating wheat from the IPC resolution and in promoting a resolution that simply urged the International Wheat Council (IWC) to consider the resumption of negotiations. However, the G-77 only accepted this resolution after inserting several qualifying phrases that forced us to make a statement of reservation after joining the consensus on this resolution. The G-77 insisted that the "next session" of the IWC consider the "early" resumption of negotiations "taking into account the interests of developing countries".

#### IMPLEMENTATION OF THE INTEGRATED PROGRAM ON COMMODITIES

All of the intolerable paragraphs of this resolution, as originally proposed by the G-77, were either watered down or bracketed during negotiations. However, many of the contentious subjects surfaced again in the Chairman's draft submitted to the final plenary, forcing us to make strong statements of reservation after joining the consensus on the resolution. One small victory for Group B was the transformation of the paragraphs proposed by the G-77 which urged that developed countries "refrain from adopting

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internal policies that could destabilize commodity markets and discourage efficient producers," to one which "urges that countries should refrain from applying policies that would destabilize...". This was the one instance where LDCs implicitly recognized that they too have responsibilities not to disrupt commodity markets.

Subjects on which the compromises reached were less satisfactory include:

-- Hides and Skins: G-77 efforts to add this product to the IPC list of commodities were side-tracked into vague language requesting the COC "to take appropriate action to provide a forum for interested ... governments to consider ... the elaboration of project proposals or other arrangements on hides and skins within the context of the Integrated Program for Commodities." The G-77 accepted this language on the assumption that it laid the foundation for an international commodity agreement on hides and skins but most Group B countries are prepared to argue that the existing FAO intergovernmental group on hides and skins is the appropriate forum.

-- Review of the Existing ICAs: We accepted the G-77 request for a special session of the COC to review the role of ICAs in attaining the objectives of the IPC after reaffirming that ICAs are independent international instruments. The UNCTAD Secretariat and the G-77 will probably push their arguments for greater use of export quotas at this special session of the COC so we should prepare to counter with arguments in favor of buffer stocks.

-- Provisional Agreements: The G-77 draft calling for immediate negotiations on price sustaining provisional commodity agreements was modified to language calling on the COC to examine the feasibility of provisional agreements "which could be applied on a temporary basis by interested producing and consuming countries with the objective of mitigating sudden collapses in prices." All Group B countries are opposed to provisional agreements, consider them totally unfeasible, and hope to kill this idea once and for all at the next COC. We should be prepared to state that the U.S. would never participate in provisional agreements designed only to mitigate price collapses as defined by this resolution since they would not protect consumers against sharp price rises.

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-- Stockpiles: Despite tremendous sensitivity about this issue by France, Japan, the U.K., and the U.S., Group B was only able to water down the G-77 language which originally called for the COC to adopt a code of conduct and a surveillance system for stockpile operations. The compromise, which we accepted with a strongly worded reservation, focuses only on disposals and requests the COC "at its next regular session to review the problems involved in the implementation" of a 1970 decision by the COC that disposals should not disrupt commodity markets. This language would only affect the U.S. in the near future, since no other country is likely to dispose of surplus "non-commercial reserves and stockpiles". Still, we can expect strong Group B support for our efforts to keep this debate limited to one session of the COC and to keep the UNCTAD Secretariat out of strategic stockpiles operations.

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TAB B

**Assessment of UNCTAD VI****- Trade -****I. Assessment of Conference**

UNCTAD VI achieved nothing substantive in the trade field. The trade resolution was largely a rehash of previous UNCTAD commitments (see annex). The Conference did not narrow appreciably the large gap between our vision and LDCs' vision of what is needed to promote development. The intellectually worthwhile portions of the four weeks of discussion could have been covered adequately in four days. The outcome fell far short of the G-77's Buenos Aires platform. Preliminary readings by U.S. embassies in developing countries, however, indicate that most LDCs did not expect significant results from the Conference and are not upset by the outcome. Judged in terms of damage limitation, therefore, the Conference was a "success" for the United States. Judged in terms of real contribution to U.S. trade interests, the Conference was irrelevant. U.S. participation in the trade aspects of the Conference, therefore, can be justified only on political grounds.

If one is determined to find a positive result from the Conference, one could note the unity of Group B in insisting that developing countries have responsibilities to resist protectionism and to contribute to the strengthening of the trading system based on GATT. A major reason for four weeks of stalemate on trade was Group B's refusal to accept the G-77 premise that protectionism occurs only in developed countries. Thus it became quite clear that the developed countries, not just the United States, feel very strongly that developing countries cannot be only "takers" from the trading system but must progressively become "givers" too.

**II. Long-Term Implications**

The UNCTAD Secretariat clearly has a long-run objective of displacing the GATT as the international institution with responsibility for establishing trade rules, monitoring compliance with the rules and conducting multilateral trade negotiations. This intention is evident in the Secretariat's trade documentation for UNCTAD VI, its promotion under institutional matters of a comprehensive trade organization, and its efforts to build an UNCTAD track record in new areas, such as services, in which the GATT does not have longstanding activities. The Group of 77 gave formal support to this objective both in its Buenos Aires declaration and in its negotiating positions at UNCTAD VI. In the end, however, most LDCs seem much less concerned about the institutional objectives of the UNCTAD Secretariat than about specific improvements in access to developed countries' markets. In the LDCs' view, if the UNCTAD Secretariat can deliver some trade benefits to LDCs by seizing the initiative from GATT

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or by applying pressure on developed countries, that's a windfall for which they are grateful. At this stage, however, the developing countries are not willing to make substantive concessions in order to obtain a bigger piece of the trade action for UNCTAD. Accordingly, the United States can continue to resist strongly UNCTAD's institutional encroachment upon GATT without any detrimental effect upon our bilateral relations with developing countries.

A "Horatius at the bridge" stance by the U.S. in UNCTAD, however, could incite an LDC backlash in the GATT. It remains to be seen if this occurs in services as a result of our UNCTAD VI vote. In any event, it is a potential cost of a firmer approach in UNCTAD.

The attractiveness of UNCTAD for the LDCs will diminish significantly if the GATT moves meaningfully in areas of importance to LDCs. The most important thing in this regard is for the GATT to become an instrument for improving LDCs' market access in developed countries. Active U.S. support for full implementation of the GATT Ministerial work program on safeguards, rules and activities relating to developing countries, quantitative restrictions and other non-tariff measures, and textiles and clothing would do more for our trade relations with LDCs than anything we could do in UNCTAD.

In terms of promoting U.S. views of trade's role in development, the superiority of market-oriented trade policies and the need for progressive liberalization of advanced LDCs' trade regimes, UNCTAD is not promising at all. The senior levels of the Secretariat have a strong bias against these ideas, and their bias pervades all of UNCTAD's "analytical" work on trade. Moreover, the group system of negotiating makes it virtually impossible to establish pragmatic coalitions that cut across groups or to have a meaningful dialogue. The group system also puts such a premium on G-77 solidarity that any attempt to discuss the heterogeneity of LDCs' trading experiences is perceived as a political attack upon the South. Since differentiation is at the heart of U.S. trade policy toward the LDCs, this situation makes UNCTAD largely infeasible as a forum for making significant progress in this area.

### III. Future U.S. Participation in UNCTAD

If the United States decides to continue active participation in UNCTAD, we should do so in the trade area only to the extent that UNCTAD deals meaningfully with the issues of protectionism in developing countries and the progressive integration of LDCs into the trading system (in addition to the issues of protectionism and structural adjustment in developed countries). We should be prepared to take firm stands on these issues and on the issue of GATT's primacy, even if this raises the temperature appreciably in the TDB. There is no evidence that taking such stands within the TDB would be detrimental to our foreign policy or trade

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policy interests.

Although Group B demonstrated impressive unity at Belgrade on the issue of LDC protectionism, it's not clear that many of the other Group B countries would stick with us in taking a harder line in the TDB and its committees. Most seem to derive political and psychological satisfaction from achieving consensus within UNCTAD meetings. Nevertheless, we should explore within the OECD the prospects for a firmer Group B stand within UNCTAD on the issues of LDC protectionism and graduation. The Trade Committee Working Party meeting to review UNCTAD VI (scheduled for September 12 and 13) would provide an opportunity for such a discussion. In addition, we would exchange ideas within the OECD on a possible strategy for implementing graduation/integration within GATT and in our respective bilateral relations with the advanced LDCs.

Drafted: USTR: PAllgeier PA *by cl*

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## ANNEX

## Contents on UNCTAD VI Trade Resolution

The UNCTAD VI trade resolution (Document TD/L 259) covered five areas: (1) protectionism, (2) structural adjustment, (3) the international trading system, (4) GSP, and (5) services. With the exception of services, the resolution was adopted without dissent (although with two important Group B reservations on the TDB's review of the resolution and its study of the international trading system). The services portion of the resolution was adopted by vote, with the U.S. voting against it and the rest of Group B giving an interpretive statement for their affirmative votes.

The section on protectionism adds very little to the Manila commitments on resisting protectionism, on standstill and rollback. The only potentially troublesome element on protectionism is the reference in paragraph 6 (a) for the TDB in its annual review of protectionism "to monitor the implementation of this resolution." Group B stated at the time of adoption that "...the TDB should monitor only the general situation and should not involve itself in the consideration of individual countries' implementation of the various commitments in this resolution. Recommendations by the TDB should, moreover, relate to the general problems of protectionism." The sections on structural adjustment and GSP involve no substantive change from pre-UNCTAD VI commitments. The section on the international trading system authorizes nothing more substantive than already is contained in Manufactures Division Director Figueredo's previous presentations to TDB meetings. Nevertheless, there is a danger that the Secretariat will use this small opening to push ahead on its objective of establishing new rules for the trading system and new principles for multilateral trade negotiations, both outside the GATT. It was for this reason that Group B made its statement in the final plenary that "any review or study by the TDB should be of a general character and should not be aimed at establishing a new set of rules for international trade."

The section on services calls on UNCTAD to continue its studies, which have been undertaken pursuant to UNCTAD's charter and TDB resolution 250 (XXIV). While the resolution contains no language that is prejudicial to the GATT's work on services, it does not contain an explicit acknowledgement of GATT's competence in services; this omission is the reason for the negative U.S. vote.

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## UNCTAD VI Outcome on Money and Finance Issues

From a short-term damage-limitation perspective, the money and finance outcome was reasonably successful. Measured against broader and more positive goals and the potential for damage in the longer term, however, the balance is mildly negative. There were very few areas in which we were able to get new support for or acknowledgement of U.S. viewpoints, and even in these instances the language was fairly watered down. Not only did the final resolutions fail to advance our interests very tangibly, but the "dialogue" we had been promised was so stilted that we doubt much if any significant persuasion occurred. Nevertheless, as a result of Group B solidarity and our own persistence in negotiation, the final resolutions on money and finance were a far cry from the Buenos Aires platform. With the possible exception of the complementary financing study called for in the resolution on compensatory financing, they do little or no damage to U.S. interests.

Although the monetary and financial resolutions were reasonably balanced, there are elements in the money, debt, and compensatory financing resolutions which could create difficulties in the future and which would require careful monitoring. The UNCTAD Secretariat will try to exploit these resolutions to the maximum to expand their work programs. The G-77 may also seek to use these resolutions in the specialized agencies to further their objectives. In addition, the willingness of Group B at Belgrade to engage in detailed discussion of, and negotiation of resolution language on, major monetary and financial issues may have created a troublesome precedent -- in light of the adoption by consensus of a detailed resolution on monetary issues.

A more precise evaluation of the plusses and minuses requires comment issue by issue.

### International Export Credit Guarantee Facility (ECGF)

No harm done, and in fact a step may have been taken towards killing the idea at the next TDB. There was virtual Group B unanimity against it and only lukewarm G-77 support in evidence.

### Official Development Assistance (ODA)

Here too there was no harm done and even a few positive points such as mention of the need for increasing aid effectiveness, improved donor recipient coordination, and a call upon all developed donor countries to provide information on ODA flows (Group D is the clear target). Although the resolution calls for redoubled efforts to meet the 0.7%

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ODA target by 1985, the resolution language and the Group B statement of interpretation make it absolutely clear that the U.S. is in no way committed in view of its longstanding reservations on targetry. This time, there was no "beauty contest", and the G-77 became fully aware that many other Group B countries -- not just the U.S. -- had serious problems with time-bound targets.

#### Multilateral Development Institutions

Although no harm was done, in several places the resolution verges upon unwarranted intrusion into the work of the IBRD and into on-going replenishment negotiations (IDA VII and IFAD II). For example, there is mention of a proposal for 5% per annum growth in IBRD lending, of increased program and structural adjustment lending, of keeping the energy affiliate idea under review, etc. There is also a mention of "continuing significant growth" in MDI lending overall, although it is clear from the text that this is an overall goal and does not apply to any individual bank or window. On the positive side, the language mentioning all of the above issues is properly filled with caveats and the operational part of the resolution simply "invites" the World Bank and the other MDIs to consider these matters rather than appearing to give the Bank guidance. Although the G-77 pushed extraordinarily hard to get wording calling for a significant increase in real terms in IDA VII (and, to a lesser extent, in IFAD II), this pressure was successfully deflected. Group B held together very well in insisting that UNCTAD should not interfere in on-going replenishment negotiations and that it should not give detailed guidance to other institutions.

#### External Debt

Here too little if any real harm done, although some of the language is mildly suggestive of generalized approaches to debt relief, of mixing development criteria with debt relief and adjustment considerations, and of an expanded scope of involvement of UNCTAD in the debt field. There is also highly artful language inviting the IMF to respond more "positively and pragmatically" to the new dimensions of adjustment problems faced by developing countries. On the plus side, however, there are ample caveats on every sensitive point, such as reminders that the industrial countries will continue to take a case-by-case approach. We also got some desirable highlighting of the need for adjustment, for timely consultations with the IMF, for reestablishing (of LDC) creditworthiness, and for providing the IMF and others with relevant data on external debt. There is also a clear indirect call to the communist countries to provide equal rescheduling terms to those provided by the Paris Club. A very strong and unified Group B statement of clarification

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indicates that nothing in the resolution can be used to undercut the IMF or the Paris Club and its case-by-case approach. The Group B statement also clearly implies that the UNCTAD Secretariat is neither "competent" nor "relevant" in the debt field or that the resolution expands UNCTAD's mandate in any way. As long as the creditor countries stand together as firmly as they did in their Belgrade statement of interpretation on this resolution, there should be little or no problem.

#### IMF Issues

Here too the resolution is harmless if the major OECD countries stick to the very strong Group B statement of interpretation. This, in effect interprets the resolution as meaning no more than what the U.S. would like it to mean. (This is what we got in return for not voting no.) In the text of resolution itself, as in the resolution on commodities, there was an attempt to prejudge the issue of whether increased compensatory financing should be provided to offset LDC commodity earnings shortfalls. There also is suggestive language here and there, artfully designed to imply a case for increased SDRs, higher IMF quotas, and increased LDC access to the different IMF "windows". In all cases, however, the language was carefully caveated to prevent the resolution from prejudicing deliberations in the IMF.

On the positive side, the monetary resolution gives clear recognition to the role of the IMF, to the need for sound LDC policies and to the need for LDCs to consult with the Fund in early stages of emerging difficulties. Negotiations on the monetary resolution were by far the most difficult, and onslaughts by the G-77 on issues such as an aid/SDR link, new low-conditionality windows at the IMF and an attempt to tamper with conditionality were halted only with difficulty.

#### Foreign Direct Investment

Although Group B tabled a rather modest resolution on the potential benefits of foreign investment, the G-77 showed considerable wariness. When prodded towards the end, they did indicate potential flexibility and engaged in some informal negotiating -- but in the end the resolution was lost in the confused and negative atmosphere of the final day.

#### International Monetary Conference

Although the Indians pushed very hard for a resolution on the subject, there was resolute opposition on the part

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of the Williamsburg 7, with support in the rest of Group B. (However, the French Foreign Minister did overrule his own Finance Ministry and indicated openness to the idea in the final days at Belgrade.) We were also able to use our revised instructions on the monetary resolution to approach the Conference President (Yugoslav Foreign Minister Mojsov) to enlist his support in insuring that no reference to a monetary conference would appear in the final conference statement. These factors, plus divided views within the G-77, helped get the idea dropped in the closing hours.

#### Implications for the Future

None of the resolutions -- when taken with the Group B interpretive statements -- themselves seem likely to do any significant harm, except possibly in the area of "complementary financing". Nevertheless, the UNCTAD Secretariat did gain some new toe-holds. Furthermore, the overall pattern which emerged was one of the G-77 pushing very hard to influence, via UNCTAD, the policies of the IMF, the MDI's and the Paris Club, despite oft-repeated G-77 professions of respect for the autonomy of the specialized agencies in principle. While we are not in any way constrained by the resolutions as to what we do in the IMF, IBRD, etc., we will need to be alert to attempts by the Indians, Brazilians, Mexicans and others to use the resolution language to win debating points in these and other fora in the future.

While we generally held the line -- and even got a little something here and there -- this required very tenacious negotiating, and heavy lobbying and maneuvering to keep others in Group B from going further than we could so as to be "forthcoming" on matters of interest to the G-77.

As to the value of this forum for getting the US message across, most of the time was spent haggling over resolutions and there was little real dialogue. Furthermore, given the press dynamics, we got mostly negative rather than positive publicity for our ideas. In terms of North/South relations, a tense, confrontational atmosphere prevailed throughout most of the Conference -- closing with professions of deep G-77 disappointment and some of the usual scapegoating of the US as the reason for "failure" to meet their aspirations.

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**CONFIDENTIAL****OUTCOME OF UNCTAD VI ON LEAST DEVELOPED COUNTRIES**

The resolution on least developed countries as finally adopted was one of the relatively better results of UNCTAD VI. Both Group B and the G-77 have reasons to be pleased, the former because although a little was given no great damage was done; the latter because something was gained, even if it fell far short of their original demands.

The negative aspect for the U.S. and Group B stems from the fact that a full-blown negotiation was permitted to take place at all. Originally this topic was supposed to be treated in plenary debate which we had hoped would do little more than reaffirm prior commitments. However, the G-77 managed to gain agreement to the establishment of a short term working group, which inevitably turned into another regular negotiating body which operated for most of the conference. This allowed the G-77, in effect, to attempt a renegotiation of the Substantial New Program of Action for the LLDC's (SNPA).

The SNPA is a carefully balanced document resulting from a tough negotiation at the Paris Conference of LLDCs. Opening it up to selective changes desired by the G-77 threatened to destroy the balance among the obligations of the LLDCs, and the donor community and the role of UNCTAD in implementation and monitoring.

The threat of imbalance was particularly bothersome because the G-77 chose in some cases to focus on issues and institutions that had not been of key importance to the SNPA, or, in some cases, even a part of it. This applied especially to the attempt to gain agreement on a more generalized approach to debt alleviation, to an effort to alter IMF policy on conditionality and to the G-77's desire to achieve rather specific agreement on compensation for losses from shortfalls in commodity earnings. In the case of aid targets there was also an effort, partly successful, to achieve much greater specificity and commitment than reflected in the SNPA.

On these issues the outcome from the U.S. point of view was mixed, but in the final analysis, very little damage was suffered.

-- Aid targets were made more specific, but the U.S. has always disassociated itself from such targetry. Thus, our reservation was anticipated by all parties. Other donor countries, however, may find the language of this resolution somewhat more burdensome.

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-- On IMF-related issues no damage was suffered; the offensive proposals were withdrawn.

-- On debt the U.S. was forced to make an interpretive statement because the language accepted by all others fails to draw a clear distinction between retroactive terms adjustment (RTA) or other equivalent measures designed to enhance aid flows and debt relief undertaken to deal with acute financial difficulties.

-- On commodity issues, nothing was agreed except to extend a date set in the SNPA for submission of reports on ways to help LLDC offset shortfalls. Since the U.S. reserved on this matter at the time the SNPA was adopted, it was necessary only to refer to this point.

-- On the role of UNCTAD no damage was done. Even the G-77's effort to have the conference agree to a third meeting of donors and recipients failed.

-- Finally, some balance with respect to the obligations of the LLDCs themselves was achieved at the end of the negotiating process, although the resolution is weaker on this than the SNPA itself.

That the result of this negotiation turned out as well as it did was in no small measure the result of Group B's unity. In turn, this unity was itself partly due to the fact that the EEC could never get its own act together on issues where there might have been serious differences with our positions. This was particularly true of the commodity compensation matter, where the U.S. had anticipated an EEC initiative to extend STABEX to all LLDCs.

Lessons from this experience, among others, are:

1. When the LLDCs operate as part of the G-77 within the context of UNCTAD, it is not possible to carry on a constructive dialogue. In this setting their style differs little from that of the G-77 as a whole. Positions have been adopted in advance, and there is no real flexibility. Furthermore, the only thing that concerns the LLDCs in this situation is how they might gain more aid or improved treatment from the developed countries. They are not interested in discussing their real development problems.

2. Within the group system of UNCTAD, the moderate LLDCs can be held hostage to the unrealistic demands of a few radical members. Ethiopia, for example, was able to hold the LLDCs to unrealistic positions on debt until very late in the negotiation.

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3. Group B unity is of key importance in moving the LLDCs to accept more reasonable proposals. A subsidiary point is that good leadership within Group B can help; it is of key importance in moving the LLDCs to accept more reasonable proposals. Whenever the G-77 LLDCs sense weak leadership or a split in Group B ranks, they will move to take full advantage of it.

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TAB E

**UNCTAD VI - Assessment of Agenda Items 13A-G  
("Basket" Items)**

The objective of the USG was to hold the consideration of the items in the basket to the level of a review, thereby limiting the importance of any one of the items as well as limiting any tendency on the part of governments or the Secretariat to expand the mandate of UNCTAD. A secondary objective was to rid the basket of the purely political item calling for UNCTAD assistance to national liberation movements (NLMS). Finally, we hoped to make some progress on our long standing effort to improve certain institutional aspects of UNCTAD. The results of the deliberations on the seven items of the basket as well as the decisions and resolutions adopted indicated that the US had only uneven successes in achieving these objectives.

Our initiative on institutional matters failed in the face of the lukewarm support by other developed countries as well as an aggressively expounded counterdraft resolution put forward by the G-77. While our draft emphasized "housekeeping" aspects of the issue--namely, greater transparency on budgetary and technical assistance activities, and establishment of a system of evaluation--the counterproposal heavily emphasized "structural questions," most especially that of UNCTAD's relationship to other UN organizations and the highly volatile question of the need for a comprehensive international trade organization. This difference between the two groups' approach to institutional matters is by now traditional and at UNCTAD VI the debate and negotiations ended as they traditionally have, that is, in stalemate. At the end a procedural decision was taken forwarding the G-77 and Group B drafts to the TDB for appropriate consideration.

It will be in the interest of the US to continue to pursue the objective of improving UNCTAD's institutional and administrative arrangements set for UNCTAD VI, and we should plan to do so vigorously at the next TDB.

There was positively no support for our view that the item on national liberation movements should be stricken from the agenda. Although moderate elements within the G-77 attempted to water down language in resolutions dealing with the Palestine and Namibian people, to permit the US to abstain rather than vote against them, the effort fell short and we

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were forced to vote against the resolutions. A particularly unattractive feature of the resolutions on the Palestine peoples is that it expands the UNCTAD work program and increase budgetary expenditures by setting up a special economic unit within the Secretariat to monitor and investigate the policies of the Israeli occupation authorities in the so called Palestine territories.

The two most significant items in the basket were those on technology and shipping. In each case, long and detailed resolutions were adopted by consensus, setting out work programs for the Secretariat and the appropriate intergovernmental subcommittees of UNCTAD for the next 2-3 years. In the case of the shipping resolution, the Secretariat was requested to prepared ten studies for consideration by governments. Most of the studies will cover areas already being considered by UNCTAD. We do not anticipate that the results of the studies will be any more difficult to cope with than such studies have been in the past. A feature of the vast majority of UNCTAD Secretariat work is its bias toward the interest of the developing countries. We can anticipate that the new studies will contain the same traditional biases. Particular US concerns on the issues of Registration of Ships and the Code of Liner Conferences were fully protected in the adopted resolutions.

The Technology agenda item was intensely negotiated during virtually the entire UNCTAD VI Conference. The G-77 aggressively argued for the ambitious resolution contained in the Buenos Aires Platform, much of which was unacceptable to us. Group B solidarity and, in particular strong US and UK positions, succeeded in squelching the bulk of G-77 proposals. Group B generally succeeded in setting limits on UNCTAD's mandate, and achieved, inter alia, neutral references to the Paris Convention revision, deletion of any call for a pharmaceutical code (although UNCTAD will propose collaboration with WHO in the latter's project on facilitating pharmaceutical supplies to LDCs), and restriction of study of the Strategy/Work Program to the appropriate UNCTAD Committee on Transfer of Technology (although the Committee will hold a special session for this purpose).

The Soviet Union failed completely in its objective of bogging down the consideration of relations between the Eastern European countries and the G-77 by interjecting East/West political issues. The Group B countries, led by the US, staunchly defended themselves, and eventually the G-77, tiring of the futile East/West exchange, aggressively pushed the

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Soviets on the central issues of the item, namely, the question of the levels of financial and technical assistance given by the Eastern bloc to the developing countries. The bloc countries resisted accepting the 0.7 percent of and target for ODA. As a consequence of this, the discussion and negotiation collapsed and the entire matter was pushed back to the TDB by means of a procedural resolution.

Some non-committal movement was made on the item on economic cooperation among developing countries (ECDC). There will be a meeting of the ECDC Committee in October. It is anticipated at that time the nagging questions of the implementation of South-South cooperation without violating UN principles of universality and sovereign equality of states will once again be at the center of discussion.

Finally, the issue of special treatment for land-locked and island developing countries was dealt with a straightforward and non-controversial fashion. Once again, it was agreed that although these disparate groups of states has some particular and peculiar developmental problems to face as a result of their geographic isolation, these problems do not require the setting up of special funds or elaborate institutional arrangements.

Almost all of the resolutions considered under the items in the basket involve the question of the need for additional financial resources. Lead by the US delegation, with notable support from the UK, Group B was almost completely successful in ridding the resolutions of language implying or explicitly requiring the expansion of the UNCTAD budget.

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TAB F

UNCTAD VISummary of Assessments by G-77 and Group B Countries

While we have not yet received a readout from all major participants at the UNCTAD VI session in Belgrade, we believe we have a fully representative sample. Our major conclusion is the predictable one: while no country, developed or developing, is satisfied with the results of the Belgrade Conference, no one is surprised by the results, given the nature of the process in UNCTAD. Though UNCTAD VI may have demonstrated the ineffectiveness of universal fora to pursue economic interests, we do not expect LDCs to abandon their pursuit of concessions from the West wherever possible. Group B countries, for their part, appear willing to explore alternative approaches to the dialogue, and the OECD North/South Group meeting in September will provide an opportunity to outline possible new avenues of approach.

Developing Country Reactions

Most of the developing countries we have approached have expressed regret that UNCTAD VI showed such "meagre" results in formulating solutions to development problems, but none has expressed surprise at such an outcome. Developing country attitudes toward UNCTAD in general are split into two camps: one which professes indifference to the forum, and another which actively seeks to advance LDC interests through North/South fora. The first group tends to consist of smaller LDCs, whose views are self-described as "pragmatic". They tell us they see universal multilateral fora such as UNCTAD essentially as irrelevant; their economic relations, both with developed and other developing countries, are bilateral and regional, and are unaffected by the outcomes of what they see primarily as political shows. In the reports we have received none of these countries has tempered its cynicism with pragmatic suggestions for improving the mechanism for a continued dialogue. Most, presumably, will continue to participate in discussions whatever the forum (though some question the practicality of doing so).

Those LDCs which have expressed a deeper interest in the North/South process predictably see the failure to achieve real progress at UNCTAD VI as caused primarily by the West's intransigence. While a few countries blame the U.S. for the impasse (the Indonesians describe our attitude as "cynical contentment"), we are surprised at the infrequency of this type of scapegoating by LDCs in this round of reactions. Whether this reflects an understanding of Group B's unity at Belgrade remains to be seen.

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The reactions of two developing countries are of particular interest, as they reflect what we can expect from LDCs in upcoming North/South fora. India, while bemoaning "little progress" at Belgrade (one interlocutor described the Conference as a "non-event"), sees UNCTAD VI as part of a larger, unfolding process in North/South relations, in series with the NAM Summit last March, the Williamsburg Summit, the upcoming annual IMF/IBRD meeting, UN General Assembly and Commonwealth Summit. While progress may be minimal at one session, he said, we must look to the larger "process" for signs of momentum. Given this view, we can expect continued pressure from India and the G-77 leadership for substantial developed-country concessions in all upcoming fora and across all issues.

The Mexican reaction underlines this theme by pointing to U.S. "isolation" at the Conference (despite evidence to the contrary on most issues) as a positive outcome. We interpret this view as reflecting the hope that the West can be pressured -- with or without the U.S. -- to make further concessions in the near term. Also of interest is Mexico's expression of content that, for the first time, UNCTAD was able to adopt a monetary resolution by consensus. Mexico undoubtedly will be active in seeking an expanded role for UNCTAD in this area, a point over which we will have to be very careful. We therefore can expect a "business-as-usual" approach by the G-77 leadership in seeking an expansion of UNCTAD's mandate through work in UNCTAD's permanent machinery.

#### Developed Country Reactions

As we expected, OECD-member reactions to the results of UNCTAD VI cover the spectrum of possibilities. Predictably, the French conclusions are contrary to our own. Foreign Minister Cheysson's intemperate attack on the U.S. in Belgrade June 30, when the Conference was at an impasse and breakdown seemed possible, reflected the French professed view that the Europeans, whom he said were prepared to be far more forthcoming to the LDCs, were held in check by inflexible U.S. positions, especially on monetary and financial matters. The French profess to see Belgrade as an opportunity missed, and blame the U.S. for this outcome.

Less strident and condemnatory, the Italians nevertheless agree with the French that the West must offer the South more than just the promise of growth and development through world recovery. Given recent economic history, with recession and increase in LDC debt burden, the Italians found the G-77 approach -- which they describe as an attempt to find new

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ways of dealing with international economic problems -- as understandable. They are not surprised or disheartened by UNCTAD's results, since they find the G-77's airing unacceptable demands in this basically political forum now customary. This "business-as-usual" approach to UNCTAD was echoed, in various forms, by a number of countries, including some of the Nordics, but some express dismay that new avenues have not been found.

While Group B generally accepts the Conference as a qualified success -- only because it did not end a total failure -- the Group is divided between those (Sweden, Austria) who believe it necessary to have universal fora, to give smaller LDCs the opportunity to air their views, and those who see such fora as unworkable (UK, Australia, Switzerland). Among those who hold the latter view, some have identified problems specific to UNCTAD which, if resolved, might give UNCTAD a more useful role. Most often cited are:

-- the role of the Group system in preventing a differentiated approach to identifying individual country problems and to setting out appropriate solutions. (A few Group B countries cited the roles played by India and Brazil in maintaining G-77 unity and thereby blocking a differentiated approach -- a move which protected their own interests, for example in resisting graduation.)

-- the attempt to be too all-encompassing in setting UNCTAD's agenda. Some (Australia) favor limiting UNCTAD's agenda to a few carefully chosen and well-prepared topics, while others (UK) suggest UNCTAD might serve better simply as a forum for the exchange of views on a macroeconomic level, without negotiating specific interests.

The future role of UNCTAD in the North/South dialogue will be addressed by the OECD North/South Group at its meeting in September. Eric Roethlisberger of Switzerland, chairman of the North/South Group, points to the dilemma which the developed countries face if we attempt to seek meaningful changes in a forum such as UNCTAD, to make it more realistic and effective. Should we undertake to do so -- a difficult task at best -- and succeed, we would raise expectations in the developing countries that we are willing to begin to treat UNCTAD as a serious forum, one in which meaningful results are possible. Whether we are prepared to do that to achieve the necessary changes in UNCTAD is a question that Group B will have to consider carefully.

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